

INTRODUCTION

Alger County Friend of the Court (FOC) had a contract with the Michigan Family Independence Agency (FIA) to enforce all orders of support over which the Alger County FOC had jurisdiction, to locate absent parents, and to provide certain reports on child support collections to the FIA. The Alger County FOC billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Alger County FOC for their costs based on the Federal IV-D Program regulations.

SCOPE

We performed an audit of the costs submitted for reimbursement by the Alger County FOC for the period January 1, 1996 through December 31, 1996. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

EXECUTIVE SUMMARY

We found that the Alger County FOC overbilled FIA for pension cost. The State share of the net amount overbilled by Alger County FOC was \$2,648.00 (See Schedule A.)

Our report recommends the Family Independence Services Administration initiate the process to recoup \$2,648.00 from the Alger County FOC.

FOC RESPONSE

The Alger County FOC has reviewed all findings included in this report. They indicated in a letter dated October 27, 1998 that the mistake in the rates billed was unintentional.

FINDING

Personnel - Pension Cost

The Alger County FOC overbilled FIA \$2,648.00 in 1996 because they used an incorrect contribution rate for pension cost. The FOC used a rate of 25.28% instead of the contribution rate of 8.23 % as specified in the Actuarial Cost Plan. OMB Circular A-87 requires that billings be based on actual costs. (See Schedule A.)

WE RECOMMEND the Family Independence Services Administration initiate the process to recoup \$2,648 from the Alger County FOC.

Description	Year	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	State %	Due (State) County
Personnel	1996	(3,452)	97.54%	\$ (3,367)		
Total		(3,452)		\$ (3,367)		
Calculation of Amount Due (State) or County						
Audited IV-D Amount				85,904		
IV-D Amount Used for Payments Actually Made				(89,271)		
IV-D Audit Adjustment Due (State) County				(3,367)	78.66%	\$(2,648)